

City of Detroit


CITY COUNCIL

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TO: Juanita Moore, President & Chief Executive Officer
Charles H. Wright Museum of African American History

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: April 30, 2007

RE: 2007-2008 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2007-2008 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Rogers Short, Finance Department Director
Renee Short, Budget Department Team Leader
Kandia Milton, Mayor's Office

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Charles H. Wright Museum of African-American History

FY 2007-2008 Budget Analysis by the Fiscal Division

Background

The Charles H. Wright Museum of African-American History is a nonprofit corporation that documents, preserves and educates the public on the history, life and culture of African Americans. Founded in 1965 by Dr. Charles H. Wright, the Museum serves as a resource center providing quality educational programs and exhibitions documenting the horror of slavery, the struggle for freedom, and the civil rights movement.

In 1999, the City entered into a long-term operating agreement with the Museum to manage and operate the facility, which also includes management and maintenance of the artifacts collection and presentation of exhibitions and other events. The Museum acts as an independent contractor of the City and, as such, has full authority to discharge its duties without restrictions, except for those imposed by the agreement. Under the terms of the agreement, the Museum petitions the city for operating funds each year.

The Museum receives operating fund from paid admissions, memberships, facility rentals, catering, store sales, special events, private contributions, and City's grants.

Summary

The Mayor's 2007-2008 Proposed Budget recommends a total contribution of \$2.2 million to the Museum, a decrease of \$0.7 million (23%) under the City's fiscal year 2006-2007 contribution.

Significant Changes in Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
05414	Museum of African American History — Operations	The Mayor's recommended budget of \$2.0 million is an 8% increase over the fiscal year 2006-2007 Budget of \$1.8 million. According to a Budget Department representative, the increase in the subsidy is to offset the cost of operating the African World Festival.
10724	Museum of African American History – Capital	The Mayor's recommended capital budget of \$0.2 million is a decrease of 80% from the fiscal year 2006-2007 Budget of \$1.0 million. The \$800,000 decrease is for infrastructure repairs and improvements to the building made in the current fiscal year. The \$200,000 will cover miscellaneous capital improvements in 2007-08.

Museum Operations

In fiscal year 2006-2007, the Museum increased its operating hours. The Museum is open on Sunday 1:00 p.m. to 5:00 p.m. In addition, the Museum is open on Tuesday through Thursday from 9:00 a.m. to 3:00 p.m., and Friday and Saturday from 9:00 am through 5:00 p.m. The Museum has a new President/CEO who started September 2006. The Museum has a total of 69 employees, 46 full time and 23 part time with four vacant full time positions.

The Museum's preliminary outlook for fiscal year 2008 includes \$6,220,710 in revenue, \$6,204,233 in expenditures, and \$16,478 as a surplus. The revenue includes a subsidy request of \$1,800,000 from the City, which is the same amount received in fiscal year 2007. The Mayor's recommended budget includes an operating subsidy of \$1,950,000.

2006-2007 Surplus/(Deficit)

The Museum anticipates a surplus of \$7,087, which is composed of \$6,114.394 in revenue and \$6,107,307 in expenditures. The Museum's revenues are expected to be less than its budget of \$6,272,756 by \$158,362; while actual expenditures are expected to be less than the budget of \$6,260,772 by \$153,465.

Issues and Questions

1. What new exhibits are planned for the Museum?
2. What plans are being developed and are being implemented to market the Museum?
3. How is the Museum planning to meet its admission goal of 75,000 visitors and membership goal of 25, 000 members?
4. Is the Museum going to have any input in the City's new Paradise Valley project?
5. What major shows is the Museum planning to occur in 2007-08?